

**STATE OF UTAH
DIVISION OF DRINKING WATER
DEPARTMENT OF ENVIRONMENTAL QUALITY**

FFY 2002 INTENDED USE PLAN

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A: PLAN INTRODUCTION AND DESCRIPTION

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1. Drinking Water State Revolving (DWSRF) Program

The 1996 Amendments to the Safe Drinking Water Act (SDWA) by Congress, enactment of Title 73, Chapter 10c, Utah Code Annotated; and adoption of R309-705 of the Utah Administrative Code (FINANCIAL ASSISTANCE: FEDERAL DRINKING WATER PROJECT REVOLVING LOAN PROGRAM), the Utah Drinking Water Board and the Utah State Division of Drinking Water have established the authority to administer a Drinking Water State Revolving Fund (DWSRF) Program.

2. Introduction

The State is applying for a Federal Capitalization Grant for Federal Fiscal Year (FFY) 2002 of \$8,052,500, \$6,384,100 will be added to the loan fund and \$1,668,400 allocated to the set-aside program. Moneys from Utah sales tax allocated to the Drinking Water loan program will be used to provide the federally mandated 20% state match of \$1,610,500. This loan program will help public water systems finance needed drinking water projects. The program will be administered by the Utah Drinking Water Board (Board), and the Utah Division of Drinking Water under the direction of the Board.

This Intended Use Plan (IUP) includes:

- Specifies on how the Board proposes to use FFY 2002 DWSRF funds
- A description of the goals of the DWSRF program;
- A list of projects eligible to receive DWSRF funding, which identifies those serving less than 10,000 people;
- Cost estimates for listed projects;
- An estimate of funds anticipated to be available for financial assistance;
- Criteria for selecting projects to receive financial assistance;
- Criteria for determining which communities qualify for hardship status;
- The project scoring and ranking system.

DWSRF program and procedures that are not expected to change annually are described in the Operating Agreement.

3. Project Priority List

The complete priority list is attached as Part B. The list is a complete history of all projects considered for funding with SRF funds. Project marked with an 'A' have been authorized for funding by the Board, project marked with an 'S' were move to the state list and projects marked with a 'W' have withdrawn their application. Projects listed with zero points have provide information indicating a desire for funding but have not provided the necessary detail to allow for an evaluation and project scoring. A short list of anticipated projects (at the top of the priority list) for funding are listed below:

Table 1
Anticipated Projects-Short List
(Does not include funded or authorized projects)

Priority Points	Utah Federal SRF Program					
	Short Priority List					
	Revised 2/15/2002					
	System Name	County	Pop.	ProjectTitle	Project Total	Request DWB
121.9	WENDOVER CITY, UTAH	Tooele	1,232	Transmission Line	\$1,400,000	\$950,000
99.2	UPPER WHITTEMORE	Utah	60	Dist,	\$170,000	\$165,000
98.5	NEW PARIA	Kane	15	Deteriorated Storage Tank	\$145,000	\$145,000
55.5	BLANDING	San Juan	3,322	Trans. Tunnel Repairs	\$670,000	\$675,000
54.3	BILLY BETHERS WATER CO.	Wasatch	?	Source Redev, Treat., Stor., Distr	\$274,000	\$274,000
51.2	PARAGONAH (1)	Iron	470	Storage	\$163,200	\$163,000
48.9	OAK HAVEN	Wasatch	150	Dist. Pipe & New Well	\$478,000	\$478,000

A more detailed description of the health and compliance related deficiencies which will be resolved by the proposed project is listed in Part E, Figure 4.

As conditions change, the Board may reassess project readiness, and delay funding to those the Board considers “not ready to proceed”, rule R309-705-6.

4. Description of Criteria and Method Used for Distribution of Funds

The complete description of the criteria and method used for distribution of funds is outlined in Utah Administrative Code R309-705-6, which is included as Part C of this document. As described in R309-705-6, the priority system assigns points to systems showing a deficiency in source, storage, treatment, and/or the distribution system. Points are assigned based on the relative risk of each deficiency, and are divided as applicable between health risk and compliance with SDWA.

Also, as described in R309-705-6 Table 1 Priority System, an applicant’s priority points are modified by financial factor, known as the Rate Factor and the AGI Factor. Their calculation is shown below:

Priority rating= (Average number of points received) X (Rate Factor) X (AGI Factor)

Where: Rate Factor = (Average System Water Bill / Average State Water Bill)

AGI Factor= (State Median AGI/ System Median AGI)

The priority points for demonstrated deficiencies are multiplied by the Rate Factor and AGI Factor to arrive at a final priority rating. This method addresses financial hardships caused in

less affluent communities, and in those already experiencing higher water rates.

Upon arriving at a final priority rating for each applicant, each application is rated and a list compiled. The Board may, at it's option, modify a project's priority rating based on the conditions described in R309-705.

Effective interest/hardship rate calculation methods will be determined by Board resolution using the Revenue Bond Buyer Index (RBBI) as a basis point. The effective rate will not exceed the RBBI and may be reduced to a potential minimum of zero percent.

5. Description of the Financial Status of the DWSRF Program

Initial capitalization for the Utah DWSRF program was provided from the 1997 Federal Capitalization Grant and state matching dollars. Source and Use of funds available to the Drinking Water State Revolving Loan Fund is attached as Exhibit F. For the five year period, 1997 through 2001, SRF capitalization grants totaling \$42,690,000 have been received, \$34,467,119 was added to the loan program and \$8,222,881 was used in the set-aside programs. The State 20% match for the five year period of \$8,538,000 was added to the loan program. Through March 1, 2002 the Board has authorized and approved projects totaling \$37,203,000. Expenditures and balances are shown in the financial statements. The DWSRF finance flow chart is included at Part E figure 1.

The FFY 2002 grant of \$8,052,500 will be allocated \$6,384,100 to the loan fund and \$1,668,400 to set-asides. The state 20% match of \$1,610,500 will also be added to the loan fund. The allocation of the FFY 2002 funds is shown in table 2. The set-aside allocation is shown in table 3.

Table 2
Sources for DWSRF Funding
FFY 2001 Capitalization Grant Application

Source Description	Amount
FY 2000 Federal Capitalization Grant:	
Loans	\$6,384,100
Set-asides	<u>\$1,668,400</u>
Capitalization Grant Total	\$8,052,500
State 20% Match (added to loan fund)	\$1,610,500
State Set-Aside Match (requires a 1 to 1 match)	<u>\$ 805,250</u>
Total	\$10,468,250

Table 3
Set-Aside Request Allocation by Program
FFY 2001 Capitalization Grant Application

PROGRAM	REQUEST	PERCENT OF TOTAL AWARD
1. SRF Administration	\$322,100	4.0%
2. State Program Management:* Program Augmentation & LHD	\$725,250	89.7%
Source Protection Administration	80,000	1.3%
Capacity Development	0	0%
Operator Certification	0	0%
Total State Program Management	\$805,250	10.0%
3.Small Systems Technical Assistance	\$161,050	2.0.%
4. Local Assistance and Other State Programs	\$380,000	4.7%
Set-Aside total	\$1,668,400	20.7%

*State Program Management set-aside requires a dollar for dollar match

6. Description of the Short and Long-Term Goals of the DWSRF Program

The DWSRF program will help ensure that Utah's drinking water supplies remain safe and affordable, and that drinking water systems be properly operated and maintained. The objectives of the DWSRF program include ensuring the public health, achieving compliance with SDWA, and assisting systems to provide affordable drinking water.

Short-Term Goals

1. Augment the existing state project funding program with federal SRF funds.
2. Continue funding for the Enhance PWSS program.
3. Continue funding for the expand Operator Certification program
4. Continue funding for the expand source protection program
- 5.. Continue funding for DWSRF administrative needs

Long-Term Goals

1. To protect public health

2. To help public water suppliers achieve and maintain compliance with federal and state drinking water standards.
3. To enhance long term water system viability
4. To assist public water suppliers to improve drinking water quality and dependability by providing SRF loans to applicants in greatest need.

7. Transfer and Cross-Collateralization of Funds Between the DWSRF and CWSRF Programs

Section 302 of the SDWA authorizes the transfer up to 33 percent of the amount of a fiscal year's DWSRF program capitalization grant to the CWSRF program or an equivalent amount from the CWSRF program to the DWSRF program. No transfer of funds is anticipated between the DWSRF and CWSRF programs.

8. Assistance for Disadvantaged Communities

Section 1452 (d) allows the state to provide additional loan subsidies to benefit communities meeting the State's definition of "disadvantaged" provided that for each fiscal year the total amount of loan subsidies may not exceed 30 percent of the amount of the capitalization grant for the year.

The Utah Drinking Water Board defines a Disadvantaged Communities as those communities located in an area which has a median adjusted gross income which is less than or equal to 80% of the State's median adjusted gross income, as determined by the Utah State Tax Commission from federal individual income tax returns excluding zero exemption returns.

The amount and type of financial assistance offered by the Board will be based upon the criteria shown in R309-750.6 (2). Disadvantaged communities may receive zero-percent loans, negative interest rate loans, or principal-forgiveness loans. Terms for each method of financial assistance shall be determined by Board resolution.

The Board has determined that up to 20% of DWSRF funds may be used for subsidies to disadvantaged communities.

9. Costs Incurred After Application and Prior to Execution of the Loan Agreement

Eligible project costs incurred after application to the Drinking Water Board and prior to execution of the loan agreement are eligible for reimbursement. However, reimbursement will only be made after the loan closing.

10. Municipal Bond Legal Fees

The Board may purchase bonds of the applicant only if the bonds are accompanied by a legal opinion of a recognized municipal bond counsel selected by the Drinking Water Board (R309-705-8 (2)). The loan recipient is responsible for the legal costs which may be paid from the loan proceeds.

11. Set-Aside Activities

The state will not use set-aside funds for those projects or project-related costs that are eligible or explicitly ineligible for assistance from the Fund (loan funds) except the State may use set-aside funds for (1) project planning and design costs for small systems, and (2) for costs associated with restructuring a system as part of a capacity development strategy.

The state may use up to 10% of the funds allocated for State Program Management. The State matches the expenditures with at least an equal amount of State funds. At least half of the match must be additional to the amount expended by the State for public water supervision in fiscal year 1993. The State is authorized to use the amount of State funds it expended on its PWSS program in fiscal year 1993 as a credit toward meeting its match requirement. The value of this credit can be up to but not greater than 50 percent of the amount of the match that is required.

The State will have no difficulty in meeting the required match for FFY 2002..

The amount of and the intended uses of each set-aside is described in Part D of the IUP.

12. Withholding of Funds Pending approval of the Operator Certification Program

EPA's approval of the State's operator certification program has been received.

13. Meaningful Public Review of the IUP

The IUP was published on the Drinking Water web site, www.deq.state.ut.us. Notice of the posting and request for public comment was included on the Drinking Water Board meeting agenda which is mailed to approximately 300 interested individuals and agencies asking for review and comments. In addition copies were mailed to the Governor's Office of Planning and Budget, the Utah League of Cities and Towns, and the Rural Water Association of Utah. Public comment may be made in writing addressed to the Drinking Water Board at 150 North 1950 West, PO Box 144830, Salt Lake City, Utah 84114-4830 or in person at a regular scheduled Board meeting. The next regularly scheduled Board meeting is April 13, 2001.

14. Categorical Exclusions

The following outline describes the process the Division of Drinking Water of the State of Utah will use to partition an environmental review or Categorical Exclusion (Cat Ex) from environmental review:

The Grantee, the State of Utah, may elect to partition an environmental review or Cat Ex from environmental review. The procedures listed below will be followed by the State in order to evaluate if partitioning a Cat Ex from environmental review is appropriate.

- A Authority: The authority for including these procedures in the Division's Intended Use Plan (IUP) and State Environmental Review Process (SERP) is contained in the safe Drinking

Water Act (SDWA) Amendments of 1996 (Pub. L. 104-182) and the guidance provided by the EPA Drinking Water State Revolving Fund Program Guidelines, document # 816-R-97-005 (February 1997). In particular, see Section IV. STATE/PROJECT LEVEL AUTHORITIES, Subsection B. Environmental Reviews.

B. Procedures for Making Determination Cat Ex:

1. If the Division has reason to believe that the project falls within one of the categories listed under paragraph “C” and thereby may qualify for a Cat Ex from environmental review, the State will make a preliminary survey of the proposed project site(s).
2. During this survey the State will evaluate whether or not the project meets the criteria for a Cat Ex from environmental review.
3. If the State determines the site qualifies for Cat Ex from environmental review, it will document the justification of this determination, including a listing of the dates of activities, which led to this determination, and a statement of relevant findings.
4. Even if the project qualifies for Cat Ex from environmental review according to the criteria listed under paragraph “C”, the State may require an environmental review if the State determines that an environmental review is warranted or appropriate because of conditions found at the site or because the project is controversial.

C. Criteria for Categorical Exclusion From Environmental Review:

In order for a project to qualify for an environmental determination of Cat Ex from environmental review, the general location of the project should have been previously disturbed. Site conditions which will be evaluated in making this determination include a) how urbanized the location is, b) whether wildlife has previously been displaced, and c) whether the wildlife habitat has been previously destroyed or replaced. The project site shall meet at least one of the following criteria:

1. A proposed water line will be placed in a roadway (s) and/or right-of-ways where existing pipes, telephone wires, cables, or other facilities have previously been installed.
2. A proposed tank site will be located on a site with other previously constructed utility facilities on a previously disturbed site.
3. The proposed facilities will be located at a site with other existing community infrastructure; e.g. a booster station, pump house, water treatment plant, or similar facility within a previously disturbed area and which will not extend into sensitive areas in the ground or adjacent to the previously disturbed area.

D. Public Notice and Participation: The State will Provide public notice when a Cat Ex is issued or rescinded. However, no formal public comment period need be provided prior to the Cat Ex becoming effective.

15. Capacity Development

Eligible Systems. The Safe Drinking Water Act (SDWA) allows DWSRF assistance to

publically and privately owned community water systems and nonprofit non-community water systems other than systems owned by Federal agencies. Federal Regulations also set forth certain circumstances under which systems that will become community water systems upon completion of a project may be eligible for assistance. State of Utah Administrative Rule R309-705 Financial Assistance: Federal Drinking Water Project Revolving Loan Program establishes criteria for financial assistance to public drinking water system in accordance with a federal grant established under 42 U.S.C. 300j et seq., federal Safe Drinking Water Act. The SDWA requires that loan recipients must demonstrate the technical, financial and managerial capacity (TFM) to comply with the SDWA and not be in significant noncompliance with any requirement of a national primary drinking water standard or variance. The State will assess TFM and compliance in accordance with State of Utah Administrative Rules for Public Drinking Water Systems R309-352 Capacity Development Program after loan applications have been received. Those systems lacking in TFM or compliance may still be eligible for a loan if the loan will address the non-compliance or the system agrees to undertake feasible and appropriate changes in operations.

PART B: PROJECT PRIORITY LIST (FULL LIST)

FY2002 INTENDED USE PLAN

Revised 2/15/2002		Utah Federal SRF Program						
Priority Points	Srf Data Files\SRFpriority6-06-01.xls	Project Priority List						
	Amount Available	\$43,005,119						Authorized
	Total Requested	\$131,933,532		for Projects totaling		\$180,618,248		\$36,868,000
	System Name	County	Pop.	ProjectTitle	Project Total	Request DWB	Authorized	
A 124.3	WENDOVER CITY, UTAH 3F002	Tooele	1,232	Storage	\$8,070,600	\$6,595,600	\$3,416,000	
121.9	WENDOVER CITY, UTAH	Tooele	1,232	Transmission Line	\$1,400,000	\$950,000		
A 102.4	DAGGETT CO W&SID 3F004	Daggett	250	Dist. Pipe	\$1,600,000	\$750,000	\$750,000	
99.2	UPPER WHITTEMORE	Utah	60	Chlorinator, Tank Deterioration, Dist,	\$170,000	\$165,000		
98.5	NEW PARIA	Kane	15	Deteriorated Storage Tank	\$145,000	\$145,000		
A 76.4	DRAPER IRRIGATION CO. 3F009	Salt Lake		WTP Modification and Improvements	\$9,700,000	\$7,200,000	\$7,200,000	
A 75.0	WEBER BASIN WCD 3F008	Davis	300,000	WTP upgrade	\$31,086,000	\$6,000,000	\$6,000,000	
A 71.4	GORGOKA MUT. WATER Co 3F012	Summit	4,500	New Well to replace damaged well	\$351,000	\$351,000	\$351,000	
A 70.5	GREEN RIVER (2) 3F005	Emery	831	WTP replacement	\$1,952,000	\$1,952,000	\$1,952,000	
A 67.8	BRIGHAM CITY 3F006	Elder	16,618	New Concrete Reservoir	\$2,250,000	\$2,050,000	\$2,050,000	
A 67.2	SPANISH VALLEY W&SID .. 3F003	Grand	2,024	Storage, Dist. Pipe	\$4,883,000	\$3,000,000	\$3,000,000	
A 66.3	PLEASANT GROVE 3F007	Utah	14,000	Storage	\$2,000,000	\$1,700,000	\$1,700,000	
A 65.4	EMIGRATION IMPRV T DIST 3F011	Salt Lake		Water System Extension, Strg & Trmt	\$2,432,000	\$1,846,000	\$1,846,000	
55.5	BLANDING	San Juan	3,322	Trans. Tunnel Repairs	\$670,000	\$675,000		
54.3	BILLY BETHERS WATER CO.	Wasatch	?	Source Redev, Treat., Stor., Distr	\$274,000	\$274,000		
A 52.1	ROCKVILLE PIPELINE CO. ... 3F001	Wash.	195	Lines	\$470,000	\$230,000	\$230,000	
W 52.1	HANNA W&SID	e	250	New System	\$4,575,000	\$3,929,663		
51.2	PARAGONAH (1)	Iron	470	Storage	\$163,200	\$163,000		
48.9	OAK HAVEN	Wasatch	150	Dist. Pipe & New Well	\$478,000	\$478,000		
A 48.4	SOUTH SALT LAKE CITY 3F010	Salt Lake	18,000	Dist Pipe, Treatment, & New Well	\$3,629,700	\$3,000,000	\$3,000,000	
A 47.9	PANGUITCH 3F014	Garfield	1,531	Redev. Spr, Well & Dist. Pipe	\$1,700,000	\$1,600,000	\$1,600,000	
46.5	INTERLAKEN MUTUAL WATER CO	Wasatch	500	Storage Tank & Distr Pipe	\$1,013,000	\$883,000		
S 45.7	PRICE	Carbon	9,400	Transmission Line	\$10,000,000	\$1,000,000		
S 45.5	MINERSVILLE	Beaver	641	Storage	\$749,726	\$724,726		
43.2	WILKINSON	Morgan	260	Storage	\$137,000	\$137,000		
A 41.6	DUCHESNE CITY 3F017	e	1,500	Storage, Dist Pipe	\$1,400,000	\$1,300,000	\$700,000	
37.3	CENTERFIELD	Sanpete	794	Pipe	\$1,580,600	\$1,580,600		
37.0	MONTE VISTA	Iron	140	Dist. Pipe	\$201,000	\$178,000		
A 36.4	PAROWAN CITY 3F015	Iron	2,200	Well, Storage Tank, & Trans Pipe	\$803,000	\$723,000	\$723,000	
A 36.3	COPPERTON IMPROV DIST. 3F016	Salt Lake	1,000	Dist/Trans Pipe & Well Pump House	\$1,876,025	\$1,776,025	\$1,000,000	

	35.0	WEBER BASIN WCD / DAVIS (1)	Davis	95,000	WTP modifications	\$3,570,000	\$2,070,000	
	34.6	SWISS ALPINE WATER CO.	Wasatch	300	Storage	\$230,000	\$220,000	
	34.5	SAN JUAN CO SSA#1 / BLUFF	San Juan	250	Dist. Pipe	\$47,150	\$47,150	
	34.3	GUNLOCK	Wash.	130	Dist. Pipe & Storage	\$460,200	\$400,000	
A	34.1	PROVIDENCE CITY 3F013	Cache	4,800	Sta	\$1,350,000	\$1,350,000	\$1,350,000
	33.7	COOL SPRINGS	Salt Lake	24	Dist. Pipe	\$89,910	\$69,910	
	33.1	TOOELE CO SPECIAL SERV DIST	Tooele		Source, Trans, Treatment, & Storage	\$500,000	\$365,000	
	33.0	NORDIC MT. WATER USERS	Weber	?	Improvements	\$1,294,875	\$744,875	
	31.3	GREEN RIVER (1)	Emery	831	Dist. Pipe	\$500,000	\$500,000	
S	27.7	KANE COUNTY WCD	Kane	91	Source Development, Concrete Res.	\$378,000	\$378,000	
	29.3	MANTI	Sanpete	2,542	Engr. Study	\$750,000	\$750,000	
	28.0	LEVAN TOWN	Juab		Distribution System	\$1,000,000	\$960,000	
	27.1	ENTERPRISE	Wash.	1,500	Dev. Sprg., New Well, Stor. & Dist. Pipe	\$2,536,000	\$2,536,000	
	26.9	SKYLINE MOUNTAIN SSD	Sanpete	?	Spring Dev. Storage, Distribution	\$517,666	\$428,166	
	26.3	CEDAR HILLS (4)	Utah	1,465	Purchase Well	\$150,000	\$150,000	
	25.6	ENOCH	Iron	2,500	Storage repair	\$310,667	\$100,000	
	12.5	WEBER BASIN WCD / DAVIS (2)	Davis	95,000	Engr. Study	\$330,000	\$300,000	
	25.0	WEBER BASIN WCD / DAVIS (4)	Davis	95,000	WTP modifications	\$1,800,000	\$1,500,000	
	25.0	ESCALANTE	Garfield	749	Trans. / Dist. Pipe	\$63,000	\$63,000	
	23.8	BLANDING	San Juan	3,322	Double WTP Capacity	\$2,000,000	\$2,000,000	
	23.6	MORGAN CITY	Morgan	2,635	Storage & Dist. Pipe	\$2,143,000	\$1,993,000	
	23.3	FREEDOM IRR & WATERWORKS	Sanpete	27	Spr. Collection Imp. & Distribution	\$25,500	\$18,000	
	23.0	BOTHWELL WATER & CEM. CORP.	Elder	270	New Well & Transmission Pipe	\$500,000	\$500,000	
	17.6	RICHVILLE	Morgan	84	Storage & Dist. Pipe	\$289,400	\$289,400	
	16.7	OREM	Utah	84,000	Storage Tank	\$3,600,000	\$3,000,000	
	16.7	LASAL SSD	San Juan	25	New System	\$1,250,000	\$500,000	
	14.6	HILDALE/COLORADO CITY	Wash.	3,500	New Wells, Storage & Trans/Dist.	\$3,000,000	\$3,000,000	
	14.5	CEDAR CITY	Iron	15,748	New Well, Stor. & Trans. Pipe	\$2,775,000	\$2,125,000	
	14.1	REDMOND	Sevier	726	New Well, Stor. & Dist. Pipe	\$650,000	\$575,000	
	12.8	SUMMIT CO. SERVICE AREA #3	Summit	520	New Well, Repl. Booster Sta, Piping	\$548,275	\$548,275	
	12.5	STRAWBERRY VALLEY MUTUAL	Kane	800	Purchase	\$46,000	\$46,000	
	12.1	HENRIEVILLE	Garfield	167	Source Prot. Plan	\$7,500	\$7,500	
	10.0	FOSTER'S STEAKHOUSE	Garfield	25	New System	\$345,000	\$345,000	
	8.0	CAMP PINECLIFF	Summit	55	New Well	\$12,000	\$12,000	
	7.8	WOODS CROSS	Davis	5,378	Equip. Well	\$200,000	\$150,000	
	7.9	UTAH STATE UNIVERSITY	Cache		Water Storage Tank	\$139,700	\$139,700	
	2.3	EAST CARBON CITY	Carbon	1,500	Treatment & Dist. System Expansion	\$1,036,700	\$1,036,700	
	0.0	ALPINE COVE	Utah	154	New Well, Stor. & Water Rights	\$24,000	\$24,000	
	0.0	CEDAR HILLS (1-3)	Utah	1,465	Irr. Stor., Dist. Pipe & Backflow prev.	\$960,000	\$960,000	
	0.0	UTAH STATE UNIVERSITY	Cache	9,000	Dist. Pipe	\$360,000	\$330,000	

0.0	WEBER BASIN WCD / DAVIS (3)	Davis	95,000	Engr. Study (Summit Co. WTP)	\$220,000	\$170,000	
0.0	ALTA	Salt Lake	397	Antimony Treat.	\$310,000	\$270,000	
0.0	BLANDING	San Juan	3,322	Eligible)	\$555,875	(Not Eligible)	
0.0	BONA VISTA	Weber	17,500	Storage & Dist. Pipe	\$550,000	\$550,000	
0.0	BOULDER TOWN / Boulder Farm	Garfield	130	Storage, Dist. Pipe & Water Right chg	\$480,000	\$210,000	
0.0	CAMP TUTTLE	Salt Lake	80	?	\$200,000	\$80,000	
0.0	DANIEL-BETHERS	Wasatch	?	?	\$7,628	\$7,628	
0.0	DUCHESNE CO UPPER COUNTY	e	1,700	Dev. Spring	\$150,000	\$150,000	
0.0	EAGLE MOUNTAIN	Utah	300	Storage & Dist. Pipe	\$178,000	\$175,000	
0.0	ECHO MUTUAL	Summit	70	Trans. Pipe	\$158,073	\$158,073	
0.0	FAIRVIEW	Sanpete	1,213	Source Dev. & Dist. Pipe	\$750,000	\$750,000	
0.0	FRUITLAND	e	150	Dist. Pipe	\$1,000,000	\$1,000,000	
0.0	GLEN CANYON SSD #1 (1)	Kane	500	Engr. Study	\$12,000	\$10,000	
0.0	GLEN CANYON SSD #1 (2)	Kane	500	Storage repair	\$19,000	\$17,000	
0.0	GRAND COUNTY WCD	Grand	2,000	Storage & Trans. Pipe	\$778,400	\$700,000	
0.0	GREENDALE	Daggett	450	WTP	\$200,000	\$200,000	
0.0	HENRIEVILLE	Garfield	167	& Trans./Dist. Pipe	\$471,000	\$471,000	
0.0	HIGH CREEK WATER	Cache	80	Disinfection Facilities	\$20,000	\$20,000	
0.0	HOBBLE CREEK HAVEN DEV.	Utah	?	PRV's	\$110,000	\$110,000	
0.0	LA VERKIN (1)	Wash.	3,000	Storage & Dist. Pipe	\$65,500	\$32,750	
0.0	LA VERKIN (2)	Wash.	3,000	Dist. Pipe	\$302,258	\$151,129	
0.0	LAKETOWN	Rich	2,594	Dist. Pipe	\$180,000	\$150,000	
0.0	MAESER	Uintah	3,020	Dist. Pipe	\$30,000	\$10,000	
0.0	MAGNA	Salt Lake	19,440	Storage & WTP	\$4,860,000	\$3,860,000	
0.0	MANILA	Daggett	239	WTP modifications	\$1,000,000	\$1,000,000	
0.0	MANTUA	Elder	760	Storage & Dist. Pipe	\$300,500	\$300,500	
0.0	MAYFIELD	Sanpete	483	Source Prot. Plan	\$15,000	\$15,000	
0.0	MEADOW VIEW WATER ASSOC	Kane	?	Engr. Study	\$5,279	\$5,000	
0.0	MILFORD	Beaver	1,219	Dev. Sources, Stor. & Trans. Pipe	\$791,500	\$0	
0.0	OGDEN	Weber	67,763	?	\$0	\$0	
0.0	PARAGONAH (2)	Iron	470	Source Prot. Plan	\$10,000	\$10,000	
0.0	PINECREST PIPELINE	Salt Lake	32	Storage & Dist. Pipe	\$247,100	\$247,100	
0.0	PLEASANT GROVE (Mystery)	Utah	15,813	?	\$0	\$0	
0.0	SALINA	Sevier	2,079	Storage & Dist. Pipe	\$3,409,000	\$10,340,000	
0.0	SLC METROPOLITAN WATER DIST	Salt Lake	700,000	WTP modifications	\$8,000,000	\$8,000,000	
0.0	SAN JUAN CO SSA#1 / BLUFF (3)	San Juan	250	?	\$113,850	\$103,850	
0.0	SPRINGVILLE	Utah	18,500	New Well & Storage	\$2,000,000	\$2,000,000	
0.0	TIMBER LAKES SSD	Wasatch	800	Dev. Springs, Stor. & Dist. Pipe	\$4,600,000	\$3,100,000	
0.0	TOQUERVILLE	Wash.	684	Dist. Pipe	\$227,359	\$113,680	
0.0	UINTAH	Weber	838	Dist. Pipe	\$141,533	\$141,533	
0.0	UPPER WHITEMORE	Utah	?	Redev. Springs, Stor. & Dist. Pipe	\$400,000	\$400,000	
0.0	UTAH COUNTY (1)	Utah	?	?	\$50,500	\$38,000	
0.0	UTAH COUNTY (2)	Utah	?	?	\$64,500	\$48,000	
0.0	VERNAL	Uintah	7,291	Storage repair	\$280,000	\$200,000	
0.0	WASHINGTON CO WCD	Wash.	50,000	Source Dev.	\$4,775,000	\$3,775,000	
0.0	WELLSVILLE	Cache	2,500	Dist. Pipe	\$400,000	\$325,000	
0.0	WHITE CITY WID	Salt Lake	13,129	Purchase Sys.(White City pw s)	\$10,400,000	\$10,400,000	
0.0	YOUNG OAK WATER CO.	Salt Lake	27	Land, Storage & Dist. Pipe	\$230,000	\$230,000	

**PART C: UTAH ADMINISTRATIVE CODE (UAC) R309-705, “UTAH
FEDERAL STATE REVOLVING FUND (SRF) PROGRAM”**

FY 2002 INTENDED USE PLAN

Available at www.deq.state.ut.us/eqd

Also included as Attachement #5 of the Operating Agreement

Printed copies are available on request

PART D: SET-ASIDES

FY2001 INTENDED USE PLAN

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OVERVIEW OF NEEDS

1. SET-ASIDE FUNDING WILL BE USED TO:

- fund established programs
- fund continuing growth
- fund increasing operating costs
- to the extent set-aside funds are available assist in funding the additional staff needed to implement new federal rules regarding regulation of drinking water contaminants

2. REQUESTED SET-ASIDE FUNDING

a. Administration - \$322,100 (4% X \$8,052,500)

Section 1452 (g) (2) of the Act addresses funding for administration of the federal DWSRF program. In the Act, up to 4% of the capitalization grant is available for administration. We are budgeting 3 full-time equivalents (FTEs) position to operate the program for state fiscal year 2003. Additional administration costs may be incurred as the loan program continues to grow including accounting for and tracking second round money, interest and hardship fee payments. We are applying for the entire 4%. Funds not expended will be banked for future SRF administration requirements.

Funding the salary, benefits, office space, equipment, travel, training and supplies budget for 2003 will be approximately \$225,000.

The administration set-aside does not require a state dollar for dollar match.

b. STATE PROGRAMS- \$805,250 (10% x \$8,052,500) (requires a dollar for dollar state match)

The Act, Section 1452 (g) (2) allows up to 10% of the allotment to be used for State Program Management. Utah is applying for \$805,250, the full 10%.

The state must provide a dollar for dollar match for capitalization grant funds used to fund State Program Management set-asides. The dollar for dollar match requirement is separate and in addition to the 20 percent match for the capitalization grant. We are able to meet the required dollar for dollar match using the current year State general fund allotment and, if need, the credit allowed by section 1452 (g) (2) for fiscal year 1993 PWSS expenses.

The State Programs set-aside will provide funding for the following programs:

PROGRAM	REQUEST SET-ASIDE FUNDING	PERCENT OF TOTAL AWARD
State Program:		
Program Augmentation & LHD	\$725,250	9.0%
Capacity Development	0	.00%
Operator Certification	0	.00%
Source Protection Administration	80,000	1.0%
Total	<hr/> \$805,250	<hr/> 10.00%

Difference between funding and actual costs, if any, carried forward for use in subsequent years for the same programs. Funding for the Capacity Development and Operator Certification was not request. The carryover from SFY 2002 is sufficient for two years. With EPA's approval the allocation of funding between programs within the State Programs set-aside is permitted.

Program Description:

The year references can become confusing. This IUP is for fund made available by EPA for Federal Fiscal Year (FFY) 2002. The funding will not be awarded and available to the State until State Fiscal Year (SFY) 2003.

1. Program Augmentation & Local Health Departments (LHD)

Continues support of the existing state PWSS program. Support is necessary to continue to perform basic core functions such as sanitary surveys, plan reviews, compliance monitoring, groundwater source protection, and many other facets of public health protection. Growth impacts in the state combined with the lack of resources when the 1986 SDWA amendments were adopted created a tremendous workload for the existing staff. Two and one- half full time equivalents were brought on board with the FY97 SERF funds. Two additional full time equivalents were hired in FY 2001.

One of the FTEs hired with the FY 97 funding performance plan and specification reviews, water treatment plant inspections, sanitary surveys, and witness well grouting the other one and one-half FTEs track biological and chemistry analyses (over 100,000 data sets) submitted by water systems to determine non-compliance, trends, and make proactive recommendations to help water systems ensure the public receives safe drinking water. One of the FTEs hired in FY 2001 assist in compliance issues relating to the upcoming Radon, Arsenic, and Groundwater rules the other FTE is a programmer/analyst responsible for maintaining and upgrading our new DataBase Migration data system.

In addition, in FY 2001 we contract with the Rural Water Association of Utah for an additional two FTEs worth of work to do data input, and secretary type work to free up scientist and engineers from filing, data input, and other non-professional duties.

The FY 2002 award will continue funding for the staff and contract employees.

The State of Utah contracts with the twelve local health departments (LHD) to conduct sanitary surveys. The contracts totals \$175,000 per year. \$75,000 has been fund from the program augmentation set-aside and \$100,000 from state general funds. This set-aside request will continue the \$75,000 funding to help cover costs of performing sanitary surveys by the LHD. The state will continue funding \$100,000 of the work with ongoing state general funds.

The Program Augmentation section of the State Program set-aside request for 2002 is \$725,250 including the LHD contracts. The SFY 2003 budget for salary, benefits, office space, equipment, travel, training, supplies and LHD contracts to funded the Program Augmentation set-aside will be approximately \$560,000 which does not include the costs to be covered by the dollar for dollar match. Funds not expended will be banked for future Program Augmentation costs.

State funds are available for the required dollar for dollar match.

2. Capacity Development Program

The State of Utah has statutory authority (Section 19-4-104 of the Utah Safe Drinking Water Act) for a capacity development program. We will use the time of one FTE as need to oversee and maintain the program.

For federal fiscal year 2002 the amount requested for Capacity Development is \$0.00. Sufficient carryover funds are available to fund the needs for two fiscal years. The budget for SFY 2003 will be approximately \$55,000.

An additional state dollar-for-dollar match is required. State funds are available for the match.

3. Operator Certification Program

The state of Utah has an Operator Certification program that has been mandatory since 1985. Prior to 1997 the program required community water systems serving more than 800 population and any public water systems treating surface water to have a certified operator. The statutory authority to reduce the threshold from 800 to 25 population was enacted by the 1997 Legislature. The new Safe Drinking Water Act requires all community and non-transient, non-community water systems and all public water systems that treat surface water to have a certified operator. As a result of lowering the mandatory threshold from 800 to 25, the number of water systems requiring certification in Utah triples. The most significant changes have been to the rules regarding 1) certified operators for systems serving a population less than 800, 2) operator's grade level, and 3) grandparent certification. These new guidelines were

implemented by the State of Utah on February 1, 2001. Water systems will have until February 1, 2003 to comply with the new rule.

EPA published final Guidance (EPA-816-R-98-006) in July 1998. The Final guidance established national policy regarding the implementation of the operator certification related provisions of the SDWA including how EPA would assess State operator certification program for purposes of making withholding decisions. The State's operator certification program has been approved by EPA.

This set-aside has allowed for the funding for a portion of one FTEs time plus benefits, office space, equipment, travel, training and supplies . For FFY 2002 the set-aside request for Operator Certification is \$0.00. Sufficient carryover funds are available to fund the needs for two fiscal years. The budget for SFY 2003 will be approximately \$40,000 which does not include the costs to be covered by the dollar for dollar match. State funds are available for the match.

4. Surface Water Source Protection

The SDWA Amendments of 1996 require states to develop and carry out a source water quality assessment program for all public water systems. Utah has implemented a program of this nature for ground water sources (wells and springs). The Utah drinking water program for surface water sources of drinking water was started in SFY 2002 and will be completed in SFY 2003. One FTE is dedicated to developing, implementing, and coordinating this program.

For federal fiscal year 2002 the amount requested for Source Protection is \$80,000. The budget for SFY 2003 will be approximately \$60,000 which does not include the costs to be covered by the dollar for dollar match. State funds are available for the match.

c. **Small Systems Technical Assistance - \$161,050 (2% X \$8,052,500)**

The Act allows up to a total of 2% of the allotment to provide technical assistance to public water systems serving 10,000 people or fewer (section 1452(g) (2)). Utah is applying for the full 2%. Funding, based on 2% of the federal fiscal year 2001 allotment of \$8,052,500 is \$161,050.

Augmenting the state capacity development program is the Rural Water Association of Utah. The State PWSS program uses the RWAU to implement the program to accomplish the following:

- Plan, schedule and carry out two one-day workshops for system operators on drinking water rules.
- Meet with county commissioners at their regularly scheduled meetings to provide information to commissioners regarding Capacity development and other Safe Drinking Water Act issues.

- Assist water systems with less than 10,000 population (defined by EPA as small systems) with financial, managerial, and technical issues. Assist systems in preparing management, conservation, financial, capital improvement, sampling and cross connection control plans. Assist in the regional water planning initiative. Train water system boards and councils. Conduct six onsite training sessions for system personnel. Perform tri-annual financial and management audits for targeted systems as identified.
- Provide one-on-one assistance in the field with water system personnel serving less than 3,300 population, who need computer training and help in trouble shooting computer problems. Develop, organize and implement small group computer training on “need-to-know” water related computer topics. Assist with understanding of consumer confidence reporting and how to develop the report. Assist water system personnel in learning and perfecting use of various pieces of software and database to improve water system operations.
- As resources are available and as requested by the Drinking Water Board, assist water systems which have borrowed funds from the Drinking Water Board.

For federal fiscal year 2002 the amount requested for Small Systems Technical Assistance is \$161,050, the 2% maximum. The small system technical assistance contract with RWAU for the calendar year 2002 is \$190,756. Carry over of banked funds will be used to fund a portion of the costs.

The Small Systems Technical Assistance set-aside does not require a state dollar for dollar match.

d. Local Assistance and Other State Programs - \$380,000

A State may fund several other categories of activities to assist development and/or implementation of local drinking water protection initiatives (section 1452(k)). We are budgeting 5 full-time equivalent (FTEs) positions to provide local assistance for state fiscal year 2003. The Division of Drinking Water has received approval for the Utah State Legislature to hire an additional 5 FTEs as of July 1, 2002 to fill this need.

The Local Assistance and Other State Programs set-aside does not require a state dollar for dollar match.

3. Summary of Requirements

Requested set-aside funding from the Federal Fiscal Year 2002 award totals \$1,668,400 which is 20.7% of the capitalization grant. The state of Utah intends to use the set-aside funds to:

- a. maintain the staff (FTEs) hired with set-aside funding as described above.
hire 5 new FTEs after July 1, 2002 using the Local Assistance and Other State Programs set-

aside.

- b. contract with the Rural Water Association of Utah to implement portions of the expanded operator certification and capacity development programs.
- c. continue its contract with the twelve local health departments to conduct sanitary surveys.

State funds are available for the required dollar for dollar match.

Unspent funds will be banked for future requirements.

APPENDIX A

Requested Set-aside Funding for Federal Fiscal Year 2002 (Federal Funds Only)

PROGRAM	FFY2002 FEDERAL FUNDS REQUESTED
DWSRF Administration (4% Max)	\$322,100
State Program Management (10% Max) Program Augmentation (included \$75,000 for LHDs) Operate Capacity Dev. Program Operator Certification Program Surface Water Source Protection Total State Program Management	 \$725,250 \$ 0 \$ 0 <u>\$ 80,000</u> <u>\$805,250</u>
Small Sys. Technical Assistance (2% Max)	\$161,050
Local Assistance and Other State Programs	\$380,000
TOTAL	\$1,668,400

*EPA FY2001 DWSRF capitalization grants available to the State of Utah is \$8,052,500. Utah received 1% of the total DWSRF grant. These figures do not include the basic up front 20% state match requirements of \$1,610,500 or the State Program Management set-aside dollar for dollar match of \$805,250. Funds are available to fund the match requirements.

APPENDIX B

FY2001 State Match for Various Program Activities

Program	Match Required	Match Source	State Amount	Federal Amount
Administration (4%)	None	N/A	N/A	\$322,100
State Program Management (10%)				
A. Program Augmentation including the Local Health Dept.	Dollar for Dollar	State PWSS Funding	\$725,250	\$725,250
B. Capacity Development	Dollar for Dollar	State PWSS Funding	\$ 0	\$ 0
C. Operator Certification	Dollar for Dollar	State PWSS Funding	\$ 0	\$ 0
D. Source Water Protection	Dollar for Dollar	State PWSS Funding	<u>\$ 80,000</u>	<u>\$ 80,000</u>
Total State Program			<u>\$805,250</u>	<u>\$805,250</u>
Small Systems Tech. Assistance	None	N/A	N/A	\$161,050
Local Assistance & Other State Programs	None	N/A	N/A	\$380,000
Total			\$805,250	\$1,668,400

Note:

* The above figures do not include the up front 20% state match requirement of \$1,610,500.

** If needed the State is authorized to use the amount of State funds it expended on the PWSS program in fiscal year 1993 as a credit toward meeting its match requirement. The value of this credit can be up to but not greater than, 50 percent of the amount that is required. For State FY 1993 the state expended \$855,668 on PWSS programs.

PART E

ATTACHMENTS

FY2002 INTENDED USE PLAN

FIGURE 1- SRF FINANCE FLOW CHART

FIGURE 2 - ATTORNEY GENERAL ENABLING LEGISLATION OPINION LETTER

FIGURE 3- MEMORANDUM OF AGREEMENT WITH THE DIVISION OF FINANCE

FIGURE 4- "SHORT LIST" PROJECTS AND DEFICIENCIES TO BE RESOLVED

(Attachment were not included. Please contact the Division of Drinking Water for copies.)

PART F

SOURCES AND USES OF FUNDS AVAILABLE TO THE DRINKING WATER STATE REVOLVING LOAN FUND FY2002 INTENDED USE PLAN

State of Utah				
Division of Drinking Water				
Department of Environmental Quality				
SRF Loan Program				
Source of Loan Funds and Commitment				
June 30, 2001				
		Through June 30, 2001		
		EPA		
		Capitalization	SRF Loan	
		Grants	Program	
				FFY 2002 Forecast
				Total
Sources of Funds:				
	State Match			
	Appropriation for DWSRF		\$ 8,538,000	\$ 1,610,500
	State Match Bonds		0	0
	SRF Capitalization Grants thru FFY 2001	\$42,690,000		
	Less Set-Asides Allocation	(8,222,881)	34,467,119	34,467,119
	SRF Capitalization Grant for FFY 2002	8,052,500		
	Less Set-Asides Allocation	(1,668,400)		6,384,100
	Loan Repayments:			
	Principal		83,470	420,000
	Interest		0	0
	Hardship Fees		51,809	130,000
	Interest Earned on Invested Cash Balance		344,012	80,000
	Transfer from Clean Water SRF		0	0
	Total Sources		43,484,409	8,624,600
Use of Funds:				
	Loans Executed:			
	Loans (closed loans thru 6/30/2001)		22,099,000	22,099,000
	State Match Bond Repayments		0	0
	State of Utah Finance Department Adm Charge		750	800
	Total Uses		22,099,750	800
Funds Available for Loan				
				30,008,459
Projected FFY 2002:				
	Projects Authorized by the Board			16,000,000
	(projects are closed and funds draw with the borrower is ready to begin construction.)			
Balance Remaining				
				14,008,459